

**REPORT
ON THE
RATE SETTING AUDIT**

**BADGER CREEK
SANTA ROSA, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1124192364**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

**Audits Section—Richmond
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Louise Wong
Audit Supervisor: Marisa Ho
Auditor: Marvin Reynolds**



TOBY DOUGLAS
DIRECTOR

State of California—Health and Human Services Agency
Department of Health Care Services



EDMUND G. BROWN JR.
GOVERNOR

November 28, 2012

Sarane Collins, CFO
Badger Creek
4520 Badger Road
Santa Rosa, CA 95409

BADGER CREEK
NATIONAL PROVIDER IDENTIFIER (NPI) 1124192364
FISCAL PERIOD ENDED DECEMBER 31, 2011

We have examined the facility's financial records/Medi-Cal Cost Report for the above-referenced fiscal period. Our examination was made under the authority of Section 14170 of the Welfare and Institutions Code and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the data presented in the accompanying audit report schedules represent a proper determination of the allowable costs and patient days for the above fiscal period in accordance with Medi-Cal reimbursement principles. The results of our examination are as follows:

<u>COST AND COST PER DAY</u>		<u>COST</u>	<u>COST PER DAY</u>
Reported Cost/Cost Per Day	\$	443,256	\$ 202.40
Net Audit Adjustment		<u>(4,028)</u>	<u>(1.84)</u>
Audited Cost/Cost Per Day	\$	<u>439,228</u>	\$ <u>200.56</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments Schedule

Future Medi-Cal long-term care prospective rates may be affected by this examination. The extent to which the rates change will be determined by the Department's Medi-Cal Benefits, Waiver Analysis and Rates Division.

Sarane Collins
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Notwithstanding this audit report, overpayments to the provider are subject to recovery pursuant to Section 51458.1, Article 6 of Division 3, Title 22, California Code of Regulations.

If you disagree with the decision of the Department, you may appeal by writing to:

John Melton, Chief
Department of Health Care Services
Office of Administrative Hearings and Appeals
1029 J Street, Suite 200
Sacramento, CA 95814
(916) 322-5603

The written notice of disagreement must be received by the Department within 60 calendar days from the day you receive this letter. A copy of this notice should be sent to:

United States Postal Service (USPS)

Assistant Chief Counsel
Department of Health Care Services
Office of Legal Services
MS 0010
PO Box 997413
Sacramento, CA 95899

Courier (UPS, FedEx, etc.)

Assistant Chief Counsel
Department of Health Care Services
Office of Legal Services
MS 0010
1501 Capitol Avenue, Suite 71.5001
Sacramento, CA 95814
(916) 440-7700

The procedures that govern an appeal are contained in Welfare and Institutions Code, Section 14171, and California Code of Regulations, Title 22, Section 51016, et seq.

If you have questions regarding this report, you may call the Audits Section—Richmond at (510) 620-3100.

Original Signed by

Louise Wong, Chief
Audits Section—Richmond
Financial Audits Branch

Certified

**SUMMARY OF AUDITED FACILITY CENSUS
AND AUDITED CLIENT COST PER DAY**

Provider:
BADGER CREEK

Fiscal Period:
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:
1124192364

**SUMMARY OF AUDITED FACILITY CENSUS
AND AUDITED CLIENT COST PER DAY**

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	0	0
2. Medi-Cal Managed Care Days (Adj)	2,163	2,163
3. Other Client Days (Adj)	27	27
4. Total Client Days	<u>2,190</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>443,256</u>	\$ <u>439,228</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>202.40</u>	\$ <u>200.56</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj)	\$ <u>NA</u>	\$ <u>0</u>
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OVERPAYMENTS

1. Duplicate Payments (Adj)	\$ <u> </u>	\$ <u>0</u>
2. Credit Balances (Adj)	\$ <u> </u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
BADGER CREEK

Fiscal Period:
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:
1124192364

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization		\$ 6,402	\$ 0	\$ 6,402
050	Leases and Rentals				0
055	Real Property Taxes		106	0	106
060	Personal Property Taxes				0
065	Mortgage Interest		12,496	0	12,496
070	Property Insurance		1,566	0	1,566
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 20,570	\$ 0	\$ 20,570
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 7,526	\$ 0	\$ 7,526
085	Utilities		6,648	0	6,648
090	Client Transportation (excluding Adult Day Services)		7,383		7,383
095	Dietary		10,088	0	10,088
100	Personal Care and Laundry		10,702	0	10,702
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 42,347	\$ 0	\$ 42,347
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 62,917	\$ 0	\$ 62,917
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries	2	\$ 13,537	\$ (19)	\$ 13,518
120	QMRP Fringe Benefits	3	1,140	(88)	1,052
125	Lead Salaries	2	69,775	(111)	69,664
130	Lead Fringe Benefits	3	7,183	(521)	6,662
135	Aides Salaries	2	162,519	(232)	162,287
140	Aides Fringe Benefits	3	15,280	(1,092)	14,188
145	Other Salaries	2	22,860	(30)	22,830
150	Other Fringe Benefits	3	2,094	(140)	1,954
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 294,388	\$ (2,233)	\$ 292,155

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
BADGER CREEK

Fiscal Period:
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:
1124192364

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,641	\$ 0	\$ 1,641
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		2,760		2,760
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant			0	0
185	Nurse Consultant	1	13,912	(1,590)	12,322
190	Psychologist Consultant				0
195	Physician Consultant			0	0
200	Recreational Consultant			0	0
205	Social Service Consultant		390		390
210	Other Consultant		1,370	0	1,370
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 20,073	\$ (1,590)	\$ 18,483
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **	2	\$ 28,183	\$ (36)	\$ 28,147
225	Administrative Fringe Benefits	3	2,638	(169)	2,469
226	Quality Assurance Fees (excluding Adult Day Services)		23,303	0	23,303
230	Other General and Administrative*** (excluding Adult Day Services)		11,754	0	11,754
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 65,878	\$ (205)	\$ 65,673
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 443,256	\$ (4,028)	\$ 439,228
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation				0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 443,256	\$ (4,028)	\$ 439,228

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** List only direct administrative salaries incurred at the facility level

*** List allocated administrative costs on Line 230

Provider Name							Fiscal Period	Provider NPI		Adjustments
BADGER CREEK							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1124192364		3
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report				Audit Report						
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col.				
<u>ADJUSTMENTS TO REPORTED COSTS</u>										
1	4.1	185	4	2	185	2	Nurse Consultant To adjust Nurse Consultant expenses to agree with the provider's records. CMS Pub. 15-1, Sections 2300 and 2304	\$13,912	(\$1,590)	\$12,322
2	4.1	115	4	2	115	2	QMRP Salaries	\$13,537	(\$19)	\$13,518
	4.1	125	4	2	125	2	Lead Salaries	69,775	(111)	69,664
	4.1	135	4	2	135	2	Aides Salaries	162,519	(232)	162,287
	4.1	145	4	2	145	2	Other Salaries	22,860	(30)	22,830
	4.1	220	4	2	220	2	Administrative Salaries To adjust salaries to agree with the provider's records. CMS Pub. 15-1, Sections 2300 and 2304	28,183	(36)	28,147
3	4.1	120	4	2	120	2	QMRP Benefits	\$1,140	(\$88)	\$1,052
	4.1	130	4	2	130	2	Lead Benefits	7,183	(521)	6,662
	4.1	140	4	2	140	2	Aides Benefits	15,280	(1,092)	14,188
	4.1	150	4	2	150	2	Other Benefits	2,094	(140)	1,954
	4.1	225	4	2	225	2	Administrative Fringe Benefits To adjust worker's compensation to agree with the provider's records. CMS Pub. 15-1, Sections 2300 and 2304	2,638	(169)	2,469